

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 6603**

**BILL NUMBER:** HB 1135

**DATE PREPARED:** Dec 29, 1998

**BILL AMENDED:**

**SUBJECT:** ISTEP Diploma and Graduation Examination.

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**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill would: (1) remove the requirement that a student pass the criterion referenced grade 10 Indiana Statewide Testing for Educational Progress (ISTEP+) examination (the Examination) in order to graduate from high school; (2) provide for the placement of an ISTEP+ diploma seal on the high school diploma of a graduate who passes the Examination; (3) provide for a student who does not pass the Examination to be retested in any school year with the consent of the student's parent; and (4) repeal references to the ISTEP+ graduation examination and to the obsolete grade 12 examination.

**Effective Date:** July 1, 1999.

**Explanation of State Expenditures:** ISTEP+ is Indiana's statewide student assessment program which is currently given in grades 3, 6, 8, and 10. ISTEP+ includes both norm- and criterion-referenced components, is administered in the fall, and is based upon proficiencies from the previous year.

The norm-referenced component of ISTEP+ compares a student's performance to the performance of a statistically representative sampling of U.S. students. The criterion component of ISTEP+ (which includes English/Language Arts and Mathematics subject areas), measures student performance against the Indiana Academic Standard (an expectation of student achievement developed by the State Standards Task Force).

**(1&3)** Under current law, students who expect to graduate during the 1999-2000 school year are required to either: 1) complete all high school graduation credit requirements in addition to receiving a score at or above the Indiana Academic Standard on the Examination; 2) successfully complete all components of the CORE 40 curriculum; or 3) successfully appeal the Examination test results in accordance with criteria adopted by the State Board of Education (the Board).

This bill would remove the requirement that a student pass the Examination in order to graduate from high school. In Fall of 1997, approximately 67,400 students from the graduating class of 2000 took the

Examination. Of these students, approximately 54% scored above the Indiana Academic Standard.

Under current law, a student who does not receive a score at or above the Indiana Academic Standard, may retake the Examination during each semester of each grade following the grade in which the student is initially tested. This bill would remove the possibility of re-taking the Examination up to four times, but would allow a student to retest in any school year with the consent of the student's parents (up to two times).

A possible savings to the State could be realized, for example, if students falling below the Indiana Academic Standard do not choose to retake the Examination. This figure is currently indeterminable, and would depend upon the number of students choosing not to be retested.

For FY 1998, \$33,860,780 was appropriated from the State General Fund and State Dedicated Funds for ISTEP+ testing and remediation (grades 3, 6, 8, and 10). Of this amount, approximately \$24 M was distributed to eligible school corporations for preventative and regular remediation, while approximately \$10 M was distributed for test development and test administration.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** (2) Public and nonpublic high schools do not currently offer ISTEP+ seals to graduating students who receive a passing score on the Examination. This bill would require that seals be imprinted or affixed on the graduating student's regular high school diploma recognizing a passing score on the Examination.

Passage of this bill would likely result in an increase in administrative time carrying out its provisions. In addition, schools would likely experience a minimal cost relating to the purchase of an instrument to imprint the required seals, or the purchase of the seals themselves.

The effects of this portion of the bill would differ from high school to high school, and would depend upon local action.

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of Education.

**Local Agencies Affected:** School Corporations.

**Information Sources:** Department of Education SAS data base and Internet Site; State of Indiana, List of Appropriations.